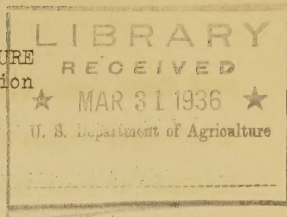


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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Washington, D. C.



SECRETARY WALLACE'S STATEMENT

The following is a statement by Secretary Henry A. Wallace concerning plans for putting into effect provisions of the new Soil Conservation and Domestic Allotment Act. The statement will be presented for Secretary Wallace by M. L. Wilson, Assistant Secretary of Agriculture, and H. R. Tolley, consultant of the Agricultural Adjustment Administration, at the opening session respectively, of the Chicago and Memphis regional conferences.

The regional conferences at Chicago, Memphis, New York and Salt Lake City have been called so that farmers, farmers' representatives and those who will be concerned in administration problems may give their advice and assistance in the development of a national program for 1936 under the new Soil Conservation and Domestic Allotment Act.

In order that a plan for this year may be offered to farmers with the least possible delay, I am submitting the broad outlines of the program the Department has been considering, and I am inviting your criticisms and suggestions for improvement in line with the farming needs of your region. To assure the closest cooperation of farmers in operating a program, it is best to begin by seeking their advice and help in working out that program.

The fundamental purposes of the new Act were defined by President Roosevelt when he signed it.

"The new law", the President said, "has three major objectives which are inseparably and of necessity linked with the national welfare. The first of these aims is conservation of the soil itself through wise and proper land use. The second purpose is the reestablishment and maintenance of farm income at fair levels so that the gains made by agriculture in the

past three years can be preserved and national recovery can continue. The third major objective is the protection of consumers by assuring adequate supplies of food and fiber now and in the future."

The national goal of the tentative program for 1936 calls for an increase in the area of crop land in soil-conserving and soil-building crops such as grasses and legumes from the 1930 level of about 100 million acres to about 130 million acres.

This increase would result in a stoppage of much waste of soil, and an increase in the permanent value of farm land. It would mean increased assurance of adequate production of food and fiber in years to come.

As compared to the 100 million acre average in soil-building crops, farmers of the nation until recently have been planting to soil-depleting crops about 300 million acres, or an area three times as great. Use of 270 million acres in 1936 for crops which deplete the soil would be ample at average yields to provide the nation a supply of food and fiber equal to domestic consumption in the 1920-1929 period, taking into consideration the modifying provisions in the Act.

Information Needed By Farmers in Applying for Payments

In order to accomplish the national goal of increased plantings of crops which protect and improve the soil, it is necessary first to classify crops into two main groups--one main group consisting of soil-building and soil-conserving crops, and the other group consisting of major soil-depleting crops. A plan of classification has been worked out and will be submitted to the group at this meeting for review and further suggestions.

Next, it is necessary to adopt a rule or measure by which each farmer can determine the part or acreage of his cultivated land which normally has been planted to soil-depleting crops, and, wherever practicable, the part which normally has been planted to soil-conserving and soil-building

crops. For 1936, the objective would be to increase plantings of soil-building or soil-conserving crops by shifting or diverting acreage formerly in soil-depleting crops to the soil-building and soil-conserving crops. The aim would be to obtain the greatest percentage of increase in soil-building crops in those areas where soil exhaustion is most serious.

After careful study, a tentative plan for establishing bases has been worked out and is offered for further suggestion and improvement. The proposal is to use as the principal guides the acreages as they were in 1935. Consideration should also be given to adjustments to correct for unusual conditions and recent changes in the use of crop land. Farmers would estimate carefully their normal acreages of soil-depleting crops. These estimates would be checked for possible error under the direction of the county committees so as to establish qualifications to receive payments.

Information which farmers will find essential in preparing to participate in the program would include (1) the normal acreage of all soil-depleting crops grown on the farm, and wherever practicable the normal acreage devoted to soil-improving crops, (2) the normal yield per acre of the major soil-depleting crop grown on the farm and (3) the acreage to be devoted to soil-conserving and soil-depleting uses in 1936.

Conservation Payments to Farmers

As developed for discussion in these regional conferences, the plan proposes a system of conservation payments to farmers who wish to participate. This plan proposes that (1) a moderate soil-maintenance payment be made for each acre, up to a maximum, planted to soil-conserving or soil-building crops or devoted to approved soil conservation practice in 1936, and (2) a larger soil-improvement payment per acre be made for each acre shifted from soil-depleting crops to soil-conserving or soil-

building crops, provided that this payment would be made only up to a specified maximum percentage. The maximum percentage of change in use of land on which payment would be made would be established for a region or a State for the purpose of assuring maintenance of an adequate supply of commodities grown principally in that region or State, and of keeping within budget limitations. The amount of the soil-improvement payment would vary according to productivity of the land. The soil-maintenance payment per acre on land already in soil-building crops would assist farmers who have been following good systems of farming to continue and improve their systems. This payment also would help farmers whose farming systems have been so far out of balance that in the first year they could qualify only for this type of grant.

The larger soil-improvement payments would allow those farmers who have been forced into intensive systems of farming in order to "make both ends meet" to change to a more extensive type of farming that would protect the future productivity of their farms as well as meet their present needs. The actual amount which could be paid farmers would vary from region to region and from farm to farm, according to the productivity of the soil and, in the South, according to the soil-depleting crop from which diversion was made to a soil-conserving crop.

In the case of farms occupied by share tenants or share croppers, it is proposed to divide the payments between landlords and those actually occupying the land. Farmers renting for cash would receive the entire payment.

Budget Limitations and Requirements

The new Act carries a specific limit of 500 million dollars on the total amount of obligations that may be incurred in any calendar year.

It also limits the amount that may be appropriated for any fiscal year to 500 million dollars. To make possible a continuing program, annual appropriations by Congress will be required.

There is now pending before Congress a bill appropriating \$440,000,000 for carrying out the 1936 soil conservation program. It is possible that other funds may become available, and that these may bring the total up to 470 millions. This is a definite top to expenditures in 1936. If soil-maintenance payments are made at the rate of 75 cents to \$1 an acre, these payments would total from 75 to 100 million dollars. Allowance has to be made for administrative expenses in Washington and in the field. On this basis, there would be left for distribution as soil-improvement payments somewhere in the neighborhood of 350 million dollars. It will be seen that the financial limitations laid down in the Act are such that great care must be taken in the country as a whole and in each State to stay within the limitations.

In addition to the funds available for both kinds of soil conservation payments, Congress has made available, under various provisions of the Agricultural Adjustment Act and related legislation, funds for the removal of surpluses, including specific funds for the removal of surplus dairy products, for diversion of products from the normal channels of trade, expansion of domestic and export markets, and for payments in connection with that portion of commodities used for domestic consumption.

Minimum Performance to Qualify for Payment

To make sure that each farmer receiving a conservation payment carries out genuine soil conservation operations on his farm, it is proposed that minimum performance in certain respects be required before he can qualify. This minimum performance would include (1) having in 1936 an acreage of soil-conserving crops equal to not less than a given per cent of the total acreage devoted to soil-depleting crops or a given per cent of the base acreage of

soil-conserving crops, or as possible alternatives in lieu of this minimum acreage, the adoption of designated practices with respect to soil conservation or erosion control (2) having in 1936 an acreage of soil-depleting crops not in excess of the soil-depleting base acreage determined for the farm; and (3) maintaining in 1936 the acreage formerly devoted to food and feed crops for home consumption.

Administrative Organization in the Field

The proposed administrative organization in the field would be democratic in principle and procedure and would be built around county associations of farmers, represented by county and community committees. In those counties which specialize in one crop and which consequently had only one county committee or association under the Adjustment Act, this committee would continue to function pending permanent organization. In counties having committees or associations representing more than one commodity, a new committee would be set up to represent a combination of the former committees, including representatives of the county program planning committee. This new combination committee would serve pending permanent organization in the field. The organization would call for a single State board or committee. Cooperation of State land grant colleges and State Extension Services will be sought just as these agencies were asked to cooperate in working out the adjustment programs.

Regionalization

The conditions which farmers need to know in order to participate in the program have to be decided upon quickly since farmers are already planting or preparing to plant, and the limited time will prevent a high degree of regional refinements in the plan. However, at the meetings being held this week and next in the South, the Middle West, the Far West,

and the Northeast, special attention will undoubtedly be given to the conditions and needs of these four great regions. The 1936 plan, it is expected, will provide for regional differences in the kind and number of acres to be diverted from soil-depleting to soil-conserving crops. This differentiation, the proposed payments on acreages already devoted to soil-conserving or soil-building crops, and the fact that farmers will have a rather wide range within which to adjust their farming plan will combine to offer a flexible program to the individual farmers.

Meanwhile, research to provide a basis for a 1937 program needs to be begun as soon as the 1936 program is decided upon. During the remainder of this year, efforts will be made to bring together the results of the experimental and demonstrational work which is now being done. This includes comprehensive research of the Soil Conservation Service, results of the regional adjustment studies of last summer and fall, findings of the farm groups now engaged in county planning projects and information which the land grant college experiment stations are assembling. In this way, a more thoroughly scientific basis will be made available for the programs of 1937 and later years.

By next year it should be possible to make further allowance for differences between regions and States. Gradually a series of State programs, each adapted to the needs of the farmers of that State and fitting into the needs of the nation as a whole, should be worked out. These plans will lay the basis for the State-Federal cooperative program which the law provides must be in effect no later than January 1, 1938.

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UNITED STATES DEPARTMENT OF AGRICULTURE
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Statement on Cattle Imports
Issued by Secretary of Agriculture Henry A. Wallace

Since I have been out in the West many people have asked me whether it is true that the drop in prices paid for fed cattle which began in January of this year and continued through May, was caused by imports under the Canadian trade agreement.

Cattlemen who are interested ought to get the facts which are readily available and make up their minds for themselves. My own conclusion is that the imports of cattle as a whole and the imports under the Canadian trade agreement have had practically nothing to do with the decline in the price of fed cattle. My principal reason for this conclusion is found in the fact that the imports from Canada have not consisted of fed cattle of the kind on which the prices declined in the United States. On the contrary the prices of the kind of cattle we have been importing averaged higher in May than they did in January.

As a matter of fact, the decline in the price of fed cattle was due to the increased domestic slaughter supply of this class of cattle.

During 1934, because of the shortage of feed caused by the drought, there was a heavy movement of cattle to market and it was necessary for the government to purchase 8 million head to keep the price received by farmers, already low, from being utterly demoralized and to prevent millions of animals from starving on the range. The government's purchase program did keep the price from further demoralization, and the resulting canned beef was used for relief purposes and did not enter regular market channels. Nevertheless the movement of cattle into the regular channels was sufficiently heavy to keep the price relatively low through the remainder of 1934.

In February, 1935, these emergency marketings fell off and there was a sharp rise in the price of cattle. This rise was further supported by the short supply of hogs. Prices of fed cattle stayed on this higher level until January, 1936. At that time the increased marketings of both fed cattle and hogs, resulting from the more plentiful feed supplies of 1935, began to be felt. Prices of fed cattle receded and since that time have stayed on somewhat lower levels than in 1935, although still much higher than in 1934. On the other hand, the average price at Kansas City of all weights of feeder and stocker steers, the same class of cattle as those which comprise a large part of the imports, was \$7.18 during the first five months of this year, as compared with \$7.05 in the corresponding period of 1935.

The relatively high domestic prices of 1935 attracted dutiable imports of 365,000 head. This compared with 58,000 head in 1934, but was smaller than the 492,000 imported in 1929. It was also smaller than the five year average of 394,000 from 1926 to 1930.

On January 1, 1936, the Canadian trade agreement went into effect. This provided for a reduction in the duty of 3 cents per pound to 2 cents per pound on cattle weighing 700 pounds or more, the reduction to apply only to an annual quota of 155,799 head. Reductions were made in the duties on calves, limited by an annual quota of 51,933 head, and on dairy cows limited by a quota of 20,000 head.

In the period from January 1, 1936 to June 27, 1936, a total of 129,245 were imported under the main concession quota. Of that number Canada supplied 86 percent and Mexico 14 percent. By June 27 the main cattle quota was 83 percent filled; the quota for dairy cows was 13 percent filled, and the quota for calves 66 percent utilized.

Total imports of all dutiable cattle for the first 5 months of 1936 amounted to 233,856 head against 191,980 for the corresponding months of 1935. This was an increase of 41,876. This increase in imports does not represent an addition of that much to domestic slaughter supplies. Inspection records of the Bureau of Animal Industry indicate that only one-third of the imports were classed as slaughter cattle. The other two-thirds, classed as feeders, were mainly bought by farmers. But the Federally-inspected domestic slaughter of cattle and calves during the same period was 6,389,000 head, which except for the drought year of 1934 is the largest since 1923 and which compares with a slaughter of 5,914,000 head in the corresponding period of 1935. Thus the increase of domestic slaughter supplies was 475,000, or eleven times as much as the increase in imports, and as stated above, only a third of the imports were classed as slaughter cattle.

The recurrence of drought this year has again brought pressure of heavier cattle marketings and the government is again stepping in with a cattle purchase program. Compared with the beneficial effect of this program on cattle prices and the cattle industry, the small increase in imports from Canada resulting from the reciprocal trade agreement is insignificant.

Any persons who, in the face of these facts, attempt to convince farmers or consumers that the government is turning the domestic market for cattle over to foreigners, are laying themselves open to the charge that, for political reasons or otherwise, they are guilty of gross misrepresentation.